

2806-2885 - RIGHTS-OF-WAY MANAGEMENT  
Determining CY 2011 1/ Rent Under the Linear Rental Schedule  
**All Linear Right-of-Way Facilities**

**USE FOR CALENDAR  
YEAR 2011 ONLY 2/**

Serial No. \_\_\_\_\_  
Date of Determination 2/3/2011  
Employee \_\_\_\_\_

Determine the CY 2011 (12 months) rent for the ROW by multiplying the number of acres (round **up** to next tenth of an acre at county level) in each appropriate zone by the rental rate for that zone. All rental calculations are rounded to the nearest cent as follows: \$97.164 is equal to \$97.16; \$97.165 is equal to \$97.17.

Zone 1	_____ acres X \$ 8.00 = \$ _____
Zone 2	_____ acres X \$ 15.99 = \$ _____
Zone 3	_____ acres X \$ 31.99 = \$ _____
Zone 4	_____ acres X \$ 47.98 = \$ _____
Zone 5	_____ acres X \$ 63.97 = \$ _____
Zone 6	_____ acres X \$ 95.96 = \$ _____
Zone 7	_____ acres X \$ 159.93 = \$ _____
Zone 8	_____ acres X \$ 319.85 = \$ _____
Zone 9	_____ acres X \$ 639.70 = \$ _____
Zone 10	_____ acres X \$ 959.55 = \$ _____
Zone 11	_____ acres X \$ 1599.25 = \$ _____
Zone 12	_____ acres X \$ 3198.50 = \$ _____
	_____
12 month total	\$ _____
Times part year factor <u>3/</u>	_____
Total for part year	\$ _____

1/ Refer to 43 CFR 2806.24 for required rental payment periods.

2/ See attached rent billing business rules.

3/ Part year factors are:

12 months 1.0000	9 months 0.7500	6 months 0.5000	3 months 0.2500
11 months 0.9167	8 months 0.6667	5 months 0.4167	2 months 0.1667
10 months 0.8333	7 months 0.5833	4 months 0.3333	1 month 0.0833

## **Business Rules for Calculating Initial Rent (Courtesy Statements) and Subsequent Rent (Account Receivable Bills)**

### **Calculation and Billing of “Initial” Rent**

The initial rent can be billed by creating a Courtesy Statement (CS) in LRAM or CBS. Rent bills for new grants are “courtesy” statements because the applicant is not obligated to pay rent unless he/she accepts the terms/conditions of the grant offer. If created in LRAM, the system calculates the rent for grants issued between January 1 and September 30 time-period, **and** LRAM has now been programmed to use the upcoming year’s rental rates to create a CS for grants issued between October 1 and December 31 time-period. CSs can now be created in LRAM year-round. If created in CBS, the rent must be manually calculated.

**Business Rule 1 – Round acres up to nearest tenth of an acre:** Acres are rounded **up** to the next tenth of an acre on a county (or geographical area) basis.

**Business Rule 2 – Default billing periods:** For billing purposes, BLM will assume that the holder prefers the minimum allowable rental payment period provided by the new regulations in this section (either annual or 10-year), unless the holder notifies BLM in writing at least 3 months prior to the due date (by October 1, if the due date is January 1) of their desire to be billed for a greater period.

**Business Rule 3 – When a new grant is issued between January 1 and September 30, and the initial billing period is 10 years** (the annual rent for an individual\* is \$100 or less; or the annual rent for a non-individual\*\* is \$500 or less), manually calculate the first year’s rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. Calculate the rent for the remaining years in the rent payment period by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the number of full years remaining in the rent payment period. For grants 10 years and longer, the first partial year is considered year one of the 10-year rent payment period, i.e., the first payment period is nine years plus X months. Subsequent payment periods are for a full 10 years.

**Business Rule 4 – When a new grant is issued between October 1 and December 31, and the initial billing period is 10 years** (the annual rent for an individual\* is \$100 or less; or the annual rent for a non-individual\*\* is \$500 or less), manually calculate the first year’s rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. Calculate the rent for the remaining years in the rent payment period by multiplying the rent per acre for the appropriate county zone from the next year’s rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the number of full years remaining in the rent payment period. For grants 10 years and longer, the first partial year is considered year one of the 10-year rent payment period, i.e., the first payment period is nine years plus X months. Subsequent payment periods are for a full 10 years.

**Business Rule 5 – When a new grant is issued between January 1 and September 30, and the grant qualifies for annual billing** (the annual rent for an individual\* is more than \$100; or the annual rent for a non-individual\*\* is more than \$500), manually calculate the initial rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. Billing is for only the first partial year.

**Business Rule 6 – When a new grant is issued between October 1 and December 31, and the grant qualifies for annual billing** (the annual rent for an individual\* is more than \$100; or the annual rent for a non-individual\*\* is more than \$500), manually calculate the first year's rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. However, since the new grant is issued in the 4<sup>th</sup> quarter, it is inefficient to only bill for a maximum of two months. Therefore, include both the partial year and the full subsequent year in the initial rental bill due on grant issuance. Calculate the rent for the subsequent year by multiplying the rent per acre for the appropriate county zone from the next year's rent schedule by the number of acres (as rounded **up** to the nearest tenth of an acre) in the right-of-way area that fall in each zone. Billing is for the first partial year plus the next full year.

### **Accounts Receivable Bills**

Calculation of “accounts receivable” bills (rent bills for existing grants are considered “accounts receivable” bills because the holder is obligated to pay rent as a term/condition of the grant. Account receivable bills must be calculated in LRAM. Since all grants should terminate on December 31 of the final year of the term, billing periods should be either annually, at 10-year intervals, or the term of the grant (not to exceed 30 years, if the term is perpetual). No other billing periods are available under the final regulations.

**Business Rule 7 – Annual bills.** Whenever the annual rent using the current year's rental rates exceeds \$100 (for an individual\*) or exceeds \$500 (for a non-individual\*\*), then that grant qualifies for annual billing. These limits are based on individual grants, not multiple grants in bill groups or in consolidated bills.

**Business Rule 8 – 10 year bills or bills for remaining years in term.** Whenever the annual rent using the current year's rental rates equals \$100 or less (for an individual\*) or equals \$500 or less (for a non-individual\*\*), then that grant qualifies for 10-year interval (or the remaining term) billing.

**Business Rule 9 – Existing and new perpetual grants.** Rent (and rent payment periods) for perpetual grants are determined the same as rent for grants with a specified number of years, except the maximum rental payment period cannot exceed 30 years (unless the land encumbered by the perpetual grant is being transferred out of Federal ownership and the holder requests a one-time payment as provided by §§2806.25, 2806.26 and 2885.22(a)). Payment of the maximum rent for a perpetual grant for a 30 year period is not a one-time rent payment for that grant. New rent is due for that perpetual grant in year 31 if the holder had initially or subsequently paid the maximum 30 year rent payment term.

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\* The final rule does not define the term “individual” but the preamble states that an “individual” does not include any business entity, e.g., partnerships, corporations, associations, or any similar business arrangements. Includes husband and wife.

\*\* Includes private corporations, public corporations, partnerships, or other unincorporated entities.